

ATV's application on shareholding & directorship approved  
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The Chief Executive in Council and the Broadcasting Authority have respectively approved the application from Asia Television Ltd. (ATV) for the introduction of a disqualified person (DP) as a new director and the change of shareholding involving an unqualified voting controller (UVC).

This was announced by the Secretary for Information Technology and Broadcasting, Mr K C Kwong, at a press conference today (Tuesday).

Mr Kwong said the acquisition involved Dragon Viceroy Limited (DVL) and Rankon Limited (RL) purchasing shares from the existing shareholders on a pro-rata basis to attain 46 per cent and five per cent shareholding in ATV respectively.

"Following the transfer of shares, DVL will become the largest shareholder of ATV. Consequently, the number of directors will increase from 12 to 16 and Mr Wong Po-yan will become the Chairman of ATV's board of directors," he added.

Mr Kwong noted that ATV had applied for the Chief Executive in Council's approval under the Television Ordinance to enable one of the new directors, Mr Liu Changle, to exercise control of the company.

Mr Liu, by virtue of his position as the Chairman and Chief Executive Officer of the Phoenix Chinese Channel, is defined in Section 2 of the Ordinance as a DP which means, among others, a company which transmits sound or television material, whether within or without Hong Kong. The appointment of Mr Liu as a director of the company therefore requires the approval from the Chief Executive in Council.

In considering the application, Mr Kwong said the Council had taken the following factors into account :

(a) ATV has confirmed that Mr Liu will not involve himself in the day to day management of the station nor will he have any role in making programming and editorial decisions;

(b) the market and target audience of ATV and the Phoenix Chinese Channel are different; and

(c) Mr Liu's effective interest in ATV is only 13.79 per cent which is below the 15 per cent limit laid down in the Ordinance and therefore should not lead to any risk of monopoly build-up, risk of conflict of interest and risk of reducing the diversity of media development.

Having considered the application thoroughly, the Council was satisfied that the granting of approval in respect of Mr Liu's appointment as a director of ATV should not give rise to the risks mentioned above.

The Government also believes that ATV will benefit from the injection of new capital and management

expertise. As a result, its competitiveness should be improved.

Mr Kwong stressed that ATV's application had been processed in full accordance with the law and in a fair and objective manner.

"The Television Ordinance does not prohibit foreign investment per se albeit it is Government policy to have the control of television firmly rooted in the hands of local people. In this particular case, the vast majority of the shareholders and directors of ATV after the share restructuring are permanent residents of Hong Kong with a good track record in their respective areas of business.

"Furthermore, the new shareholders have pledged that they will continue to maintain and uphold ATV's traditional freedom of expression and editorial independence," Mr Kwong added.

Also present at the press conference were the Chairman of the Broadcasting Authority (BA), Mr Norman Leung, and Deputy Secretary for Information Technology and Broadcasting, Mrs Rita Lau.

Mr Leung noted that ATV's application was carefully examined at the BA's special meeting on May 7 and members unanimously supported the proposed acquisition of the shares in ATV by RL, an UVC.

In reaching this decision, the BA has taken into account the financial strength of the new shareholders, the present state of operation of ATV as well as the potential benefits the acquisition would bring to the station.

Mr Leung said that RL was an UVC by virtue of the fact that it was not ordinarily resident in Hong Kong as defined in the Television Ordinance. The Authority's approval is thus required for it to acquire voting control of ATV.

"As RL will purchase five per cent shareholding in ATV, it will have only a minority say in the decision making of the board.

"We therefore decide to relax the UVC restriction in respect of Rankon Limited as we are satisfied that following the transfer of shares, ATV's control and management will still be bona fide exercised by local people in Hong Kong," Mr Leung added.

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Note to Editors:

The attached lists show the effective interest in ATV after the shares transfer and the new board of directors.

Annex A

Effective interest in ATV after the shares transfer	
Lim Por Yen	16.08
Lai Sun Group	16.67
New World Group	13.75
STDM	2.50

Feng Xiao Ping	24.12
Liu Changle	13.79
Bruno Wu	3.00
Chan Wing Kee	3.00
Wong Po Yan	2.00
Wang Wen Huan	2.90
Chan Wing To	1.00
Other parties individually holding less than 1% including Szeto Yuen Kit, Chan Kar Lok, Steve Loo and Random Services Ltd.	1.19
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	100.00

Annex B

New Board of Directors of Asia Television Limited

\* Wong Po Yan (Chairman)

Lim Por Yen

\* Liu Changle #

Lam Kin Ngok, Peter

Lam Kin Ming

\* Chan Wing Kee

\* Feng Xiao Ping

\* Bruno Wu #

\* Michael Spiessbach #

Lee Po On, Mark

Cheng Kar Shun, Henry

Ho Chiu King, Pansy Catilina

\* Kwok Kwan Ying #

\* Wang Wen Huan

\* Steve C K Loo

Leung Chi Kin, Steward

\* New Directors to be appointed

# Not of permanent residence status

End/Tuesday, May 26, 1998

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